

Hawai'i State Association of Counties (HSAC)

Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu

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February 13, 2017

TO: The Honorable Richard H.K. Onishi, Chair
House Committee on Tourism

FROM: Stacy Crivello
HSAC President

SUBJECT: **HEARING OF FEBRUARY 14, 2017; TESTIMONY IN OPPOSITION
TO HB 1586, RELATING TO THE TRANSIENT ACCOMMODATIONS
TAX**

Thank you for the opportunity to testify on behalf of the Hawaii State Association of Counties in **opposition to** this measure. The purpose of this measure is to phase out the county allocation of transient accommodations tax revenues over a 3-year period.

This measure is in contrast to HB 317, which is included in the 2017 Hawaii State Association of Counties Legislative Package. I submit this testimony on HSAC's behalf.

HSAC opposes this measure for the following reasons:

1. A phase out of the counties' share of the TAT would impose a heavy financial burden to our tax paying residents – constituents both the state and counties serve. Counties will have to adjust real property taxes to cover the increasing operational costs for county-maintained services used by our visitors such as water and sewer service; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance. Why should local residents be responsible for expenses that visitors have already paid for through the TAT?
2. We strongly urge you to consider the approach recommended by the State-County Functions Working Group in 2015 to allocate TAT funds to the State and counties on a percentage basis. HSAC supports measure HB 317 which reflects a more equitable distribution of TAT funds using a proposed 55-45 percent split.

Mahalo for your consideration.

HSAC:FY2017:17Testimony:HB1586a_mkz